



**Director of
Central
Intelligence**

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National Intelligence Daily

***Tuesday
13 April 1982***

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CPAS NID 82-086JX

13 April 1982

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**Key Points of "Statement of Reaffirmation"
Proposed by Prime Minister Begin**

Egypt and Israel reaffirm their adherence to the peace treaty and pledge to:

- Abide by the military disengagement protocols.
- Implement all normalization agreements.
- Keep their borders open.
- Maintain relations at the ambassadorial level.
- Refrain from "hostile" media statements.
- Prevent any terrorist activity across their borders.

Egypt would be required to curtail dealings with "terrorist organizations," including the PLO. The US, Egypt, and Israel would promise not "to propose or entertain any peace plan other than Camp David."

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SPECIAL ANALYSIS

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ISRAEL-EGYPT: The Sinai Withdrawal Controversy

3/ Prime Minister Begin has raised the possibility of postponing the withdrawal from the Sinai scheduled for 25 April because of allegedly hostile actions by Egypt. Israel has proposed a joint "Statement of Reaffirmation" about future relations and the peace process. Egypt is sure to resist signing the document.

3/ 5 Begin's move reflects his growing conviction that President Mubarak intends to abandon the normalization process between the two countries after regaining the Sinai. As evidence for his fears, Begin privately has cited alleged violations of military agreements between Egypt and Israel, continuing Egyptian contacts with PLO figures, and comments by Cairo's representative at the recent nonaligned meeting in Kuwait that Israel viewed as hostile. To assuage his concerns, Begin has proposed that Israel, Egypt, and the US sign a "Statement of Reaffirmation" containing several statements that are likely to be objectionable to Cairo.

6 3/ The Israeli leader apparently believes that this is a good time to raise the stakes. He will now await Washington's reaction, which is likely to be the controlling factor in Israel's decision on whether to make good on its threat to postpone the final withdrawal.

Begin also may be trying to placate rightwing critics and increase Israel's leverage on remaining border demarcation issues. Defense Minister Sharon is scheduled to visit Cairo later this week for talks on these topics.

Probable Egyptian Reaction

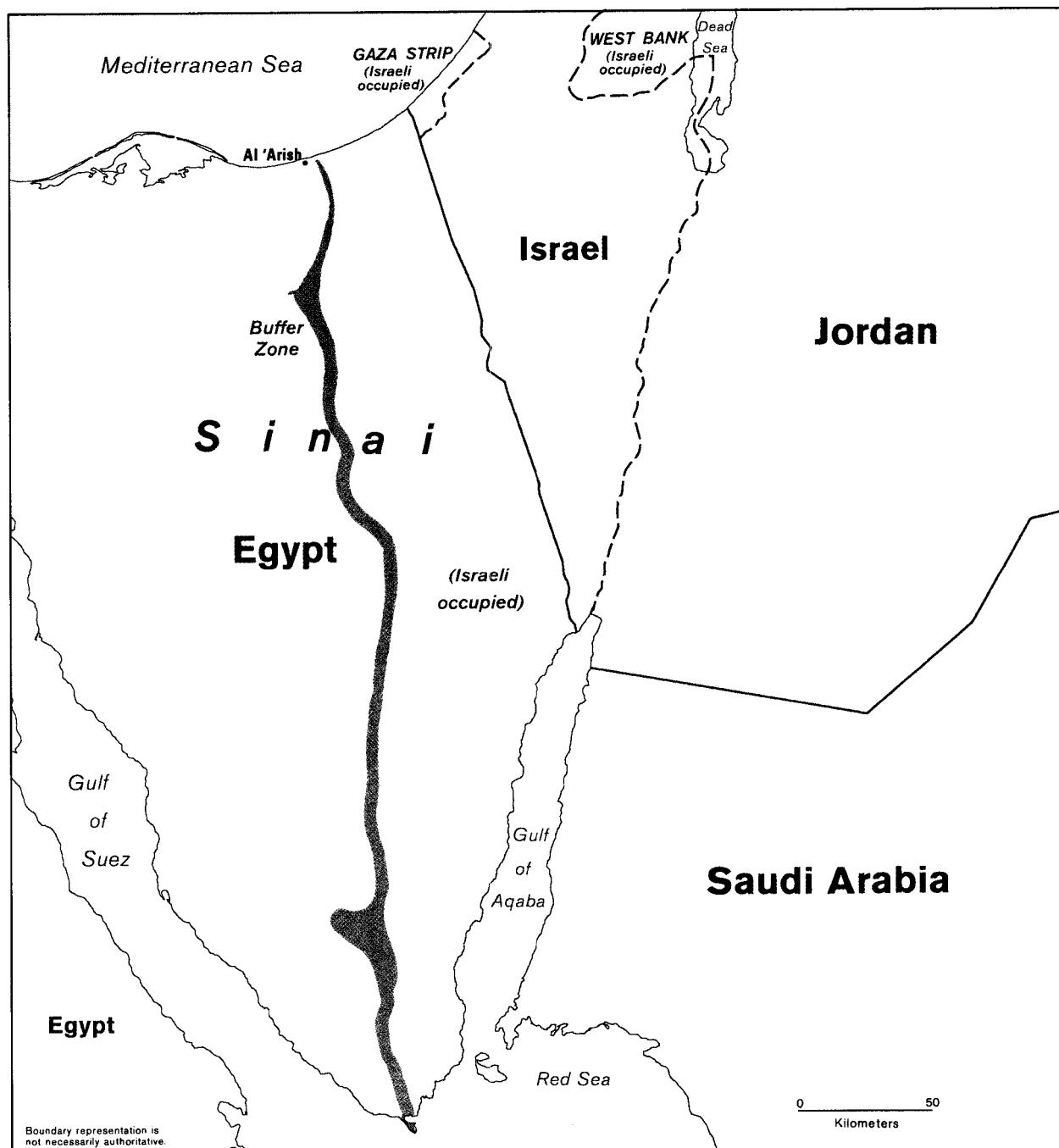
2/ 1/ Egypt will be concerned that acceptance of the proposal might be interpreted as an admission that it had not adhered to the terms of Camp David and the peace treaty. Cairo, moreover, will resist any Israeli efforts to limit Egypt's future choices in the peace process.

The Egyptians also will object to the demand that they "undertake not to propose or entertain any peace plan"

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other than Camp David. Such a commitment would rule out alternatives similar to Saudi Crown Prince Fahd's peace plan. [redacted]

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In addition, the Egyptians will oppose Begin's proposal that they curtail dealings with "terrorist organizations." This would include the PLO, which Egypt believes eventually will have to play a role in the peace process. Mubarak is aware that his domestic position would be badly damaged and his efforts toward ties with other Arabs would be hurt if he signed Begin's text. [redacted]

Israeli Allegations

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Although the Israelis continue to accuse Cairo of serious acts undermining the peace treaty, there is no independent evidence of major Egyptian violations of the military disengagement accords. Egypt actually maintains fewer troops in the Sinai than the accords allow. [redacted]

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Because of differing interpretations about organizational relationships among units in the Sinai, however, Israel contends that Egypt maintains more forces than allowed by the peace treaty. A "battalion" in Al Arish about which Israel has complained is, in fact, a group of 300 unarmed engineer troops sent--with explicit Israeli approval--to improve the airport there. [redacted]

Counting on the US

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Mubarak will expect the US to take strong measures to ensure Israeli withdrawal on schedule. He will argue that, as a cosigner of the treaty, the US is responsible for guaranteeing Israeli compliance. Mubarak is likely to view Washington's reaction to Begin's latest move as the single most important test of US-Egyptian relations since he assumed office. [redacted]

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Mubarak might be induced to accept a US-proposed document reaffirming support for the peace process in general terms, in an attempt to enable Begin to back away from his far-reaching demands. On Saturday Mubarak reiterated publicly his commitment to the peace treaty and normalization process. [redacted]

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